

MINUTES OF A SPECIAL MEETING OF THE
MOBILEHOME RENT REVIEW COMMISSION
OF THE CITY OF CHULA VISTA

October 24, 2013

6:00 P.M.

A Special Meeting of the **Mobilehome Rent Review Commission** of the City of Chula Vista was called to order at 6:02 p.m. in the HR Training Room – B111, located at 276 Fourth Avenue, Chula Vista, California.

ROLL CALL

PRESENT: Commissioners Johnson, Magness, Riesgo, Smith, Torres, and Chair Gonzalez

ABSENT: Commissioner Longanecker

ALSO PRESENT: Stacey Kurz, Senior Project Coordinator
Simon Silva, Deputy City Attorney

CONSENT CALENDAR

1. APPROVAL OF MINUTES FROM APRIL 4, 2013

ACTION: Commissioner Johnson moved to approve staff's recommendations to approve the minutes. Commissioner Torres seconded the motion, and it carried, result of vote 4-0.

PUBLIC COMMENTS

Penny Vaughn, Chula Vista resident, expressed concerns in regards to rental rates on change of ownership, she provided a handout, see Exhibit 1, and her support for a sliding scale on sale as oppose to the approved temporary decontrol. Ms. Vaughn further expressed her concern about the decreased number of residents whom paid the administrative fee this year.

ACTION ITEMS

2. ELECTION OF CHAIR AND VICE CHAIR FOR FISCAL YEAR 2013/2014

Vice Chair - Commissioner Gonzalez nominated Commissioner Riesgo, he accepted, and Commissioner Johnson seconded the motion, and it carried result of vote 3-0.

Chair - Commissioner Riesgo nominated Commissioner Gonzalez, he accepted, and Commissioner Johnson seconded the motion, and it carried result of vote 3-0.

3. CVMC 9.50 OVERVIEW

Deputy City Attorney Silva provided a presentation, Exhibit 2, providing an overview of the roles and responsibilities of the Mobilehome Rent Review Commission.

OTHER BUSINESS

4. STAFF COMMENTS

Update on the Mobilehome Administrative Fee Collection for FY14 (this item was heard after Public Comments due to its relevance to Ms. Vaughn's testimony). Staff Kurz provided a brief presentation, see Exhibit 3.

5. CHAIR'S COMMENTS

Chair Gonzalez asked Vice Chair Riesgo if he would be willing and available to represent the Commission at the Mayor's annual 10/30/13 breakfast. Vice Chair Riesgo accepted.

Chair Gonzalez further asked about the Commissions ability to tour mobilehome parks for future meetings and Staff Kurz indicated she would explore that opportunity.

6. COMMISSIONERS'/BOARD MEMBERS' COMMENTS

ADJOURNMENT

At 7:39 p.m., Chair Gonzalez adjourned the meeting to the next Regular Meeting on January 16, 2004 in the Council Chamber at 276 Fourth Avenue, Chula Vista, California.

Stacey Kurz, Senior Project Coordinator

Exhibits: 1. Change of Ownership Rental Rate Handout provided by P. Vaughn
 2. CVMC 9.50 Overview Presentation
 3. Administrative Fee Update Presentation

Exhibit 1
P. Vaughn Hardhat

EXHIBIT 2
City of Chula Vista Comparable Rents - Palace Gardens
January 2014

Rental Date	SUBJECT PARK	1	2	3	4
Park Name	Palace Gardens Mobile Home Park	Granada	Continental Country Club	Hacienda MHF	Lynwood MHF Park
Address	12565 Resonance Avenue Chula Vista 420-9141	501 Anita Street Chula Vista 420-9141	445 Orange Avenue Chula Vista 426-1350	502 Anita Street Chula Vista 585-1277	444 Anita Street Chula Vista 426-2766
No. of Spaces	284	198	78	100	120
Approx Age	42 Yrs	41 Yrs	42 Yrs	41 Yrs	38 Yrs
Age Restriction	55+	55+	55+	55+	55+
Singlewide Spaces (%)	45%	12%	0%	10%	20%
Overall Park Condition	Average	Good	Good	Good	Good
Significant Park Services, Features & Amenities	Clubhouse Pool Billiard Shuffleboard Library RV Storage	Clubhouse (Small) Pool Laundry Library Billiard	Clubhouse (Small) Pool Laundry Library	Clubhouse (Small) Billiard Pool Shuffleboard (2) Laundry Library RV Storage	Clubhouse (Large) Billiard Pool Shuffleboard (4) Laundry (2) Library Sauna Spa
Overall Quality of Svcs, Features & Amenities	Average	Average	Average	Average	Excellent
Vehicle Storage Fee	\$30	None	None	\$50	None
Monthly Rental Rates:					
Low Rent	\$497.00	\$425.00	\$503.00	\$520.00	\$450.00
High Rent	\$532.00	\$655 (new home)	\$659.00	\$650.00	\$694.00
Predominant Rent Range	\$547.00	\$550.00	\$525-\$30	\$545.00	\$593.00
New Move In Low Rent	\$527.00	\$600.00	\$600.00	\$650.00	\$650.00
New Move In High Rent	\$593.00	\$600.00	\$650.00	\$650.00	\$650.00
Rental Agreement	M/M	M/M	M/M	M/M	1 Year Lease; M/M

EXHIBIT 2
City of Chula Vista Comparable Rents - Palace Gardens
January 2011

5	6	7	8
Gray Lakes Lodge 1925 Otay Lakes Rd Chula Vista 421-8150	Bonita Hills 275 Worthington San Diego 475-6871	Coronado Palms 2200 Coronado Ave San Diego 423-1800	Ocean Bluffs 3340 Del Sol Blvd San Diego 690-6591
196	131	59	269
37 Yrs	34 Yrs	38 Yrs	Unknown
55+	55+	55+	55+
22%	0%	33%	0%
Excellent	Double/Triples Wide	Excellent/Inferior	Double/Triples Wide
Clubhouse (Large)	Clubhouse (Medium)	Clubhouse (Small)	Clubhouse (Large)
Billiard	Billiard	Pool	Billiard
Pool	Pool	Jacuzzi	Pool (3)
Shuffleboard (1)		Laundry	Ice Maker
Laundry (2)	Laundry	RV Storage	Laundry
Library	Library		Library
Significant Open	Spa		Sauna/Spa
Space/Landscaping	RV Storage		Card Room
	Some Open Space/Landscaping		Significant Open
			Space/Landscaping
Excellent	Excellent/Inferior	Below Average/Inferior	Excellent/Inferior
\$20	\$55	\$35	\$45
\$500.00	\$759.00	\$550.00	\$700.00
\$700.00	\$854.00	\$550.00	\$1,000.00
\$590.00	\$759.00	\$550.00	\$750-780
\$600 sing/\$650 DBI	\$854.00	\$550.00	Assume existing
\$700.00	\$854.00	\$550.00	Assume existing
M/M	M/M	1 Year Lease, M/M	20 Yr Lease (90%) M/M

EXHIBIT 2

City of Chula Vista

Comparable Mobilehome Parks

Rental Data		1	2	3
Park Name	Brentwood Park	Bayscene Mobilehome Park	Don Luis Estates	Palms Mobile Estates
Address	1100 Industrial Boulevard Chula Vista, CA 91910	100 Woodlawn Avenue Chula Vista, CA 91910 691-1581	121 Orange Ave Chula Vista 422-2291	275 Orange Ave Chula Vista 422-1872
No. of Spaces	258	126	129	217
Approx Age	63 (1967)		40 (1970)	45 (1965)
Age Restriction	All Age	All Age	All Age	All Age
Singlewide Spaces (%)	67%	72%	10%	30%
Overall Park Condition	Good	Average	Good	Average
Significant Park Services, Features & Amenities	Clubhouse (Large) Pool/Spa Laundry Guest Parking (44)	Clubhouse (Medium) Pools (2 including children's) Playground Laundry	Clubhouse (Small) Billiard Pool Shuffleboard (2) Laundry Guest Parking (6 spaces) Car wash	Clubhouse (Small) Pool/Spa Sauna Laundry Guest Parking (6 spaces) RV Storage
Overall Quality of Svcs, Features & Amenities	Good	Average		
Vehicle Storage Fee			None	\$25/RV
Monthly Rental Rates:				
Low Rent	\$428.87	\$450.00	\$495.00	\$480.00
High Rent	\$763.40	\$861.00	\$895.00	\$818.00
Average Rent	\$566.45	\$670.00	\$584.00	\$545.00
Predominant Rent Range				
New Move in Low Rent	\$675.00	\$465.00	\$725.00	\$572.00
New Move in High Rent	\$875.00	\$861.00	\$725.00	\$572.00
Additional Charges				N/A
Lessor Paid Svcs/Utilities			None	None
Rental Agreement		M/M; 10 Year (30% or less on 10 yr)	M/M; Long-term Leases also available	1, 5, & 10 Yr Leases, M/M (50% or more on 10 yr)

Prepared by: Stacey Kurtz

Revised: April 2010

EXHIBIT 2

City of Chula Vista

Comparable Mobilehome Parks

Rental Data		4	5	6	7
Park Name	Thunderbird Mobile Lodge	Rancho Bonita	6 & 10 Mobile Lodge	Rancho Chula Vista	
Address	368 Anita St Chula Vista 422-7571	800 Anita Street Chula Vista 428-2622	1500 Third Avenue Chula Vista, CA 91911 422-5839	1011 Beyer Way San Diego 690-1059	
No. of Spaces	110	90	101	131	
Approx Age	unknown	41 (1969)	48	39 (1971)	
Age Restriction	All Age	All Age	All Age	All Age	
Singlewide Spaces (%)	less than 40%	approximately 40%	37%	2%	
Overall Park Condition	Average	Good	Average	Excellent	
Significant Park Services, Features & Amenities	Clubhouse (Small) Pool Laundry Guest Parking (13 spaces) RV Storage	Clubhouse (Small) Billiard Pool/Spa Sauna Laundry Guest Parking (20 spaces) RV Storage	Laundry Recreation room Car wash Pool RV Storage	Clubhouse (Large) Billiard Pool/Spa Big Screen TV Laundry Some Open Space/Landscaping Guest Parking (30)	
Overall Quality of Svcs, Features & Amenities				Excellent/Superior	
Vehicle Storage Fee	\$20/RV	\$30/RV	\$50/RV	No	
Monthly Rental Rates:					
Low Rent	\$474.00	\$460.00	\$407.00	\$650.00	
High Rent	\$550.00	\$600.00	\$575.00	\$710.00	
Average Rent	\$525.00	\$500.00	\$464.00	\$580.00	
Predominant Rent Range	10%	25%	\$455.00	\$690.00	
New Move In Low Rent			\$595.00	\$590.00	
New Move In High Rent					
Additional Charges	N/A	N/A		N/A	
Lessor Paid Svcs/Utilities	None	None	None	None	
Rental Agreement	M/M	M/M	1 Yr M/M	5-30 Yr Leases; M/M (99% on long term)	

Revised: April 2010

Prepared by: Stacey Kurz

EXHIBIT 2

City of Chula Vista

Comparable Mobilehome Parks

Rental Data		8
Park Name	Bonita Paradise	
Address	3131 Valley Rd Nati City/San Diego 475-1800	
No. of Spaces	269	
Approx Age	39 (1971)	
Age Restriction	All Age	
Singlewide Spaces (%)	less than 12%	
Overall Park Condition	Average	
Significant Park Services, Features & Amenities	Clubhouse (Small) Billiard Game Tables Big Screen TV Pool/Spa Laundry RV Storage Guest Parking (12 spaces)	
Overall Quality of Svcs, Features & Amenities	Average/Slightly Superior	
Vehicle Storage Fee	\$30/RV	
Monthly Rental Rates:	Low Rent \$575.00 High Rent \$690.00 Average Rent \$575.00 Predominant Rent Range \$690.00 New Move In Low Rent \$690.00 New Move In High Rent \$690.00	
Additional Charges	N/A	
Lessor Paid Svcs/Utilities	None	
Rental Agreement	30 Yr Lease; M/M	

Prepared by: Stacey Kurz

Revised: April 2010

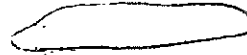
96

High arches, washer and dryer, Dishwasher, stove, fridge & microwave, heat and cool, forced air, brand new carpet, very well maintained. Besides the pool the Community has many social functions & entertainment from the community. This Park is brand new.

Features:

MLS #:	120040639	Address #:	1425 2nd
List Price:	\$115,775	Status:	Active
City:	Chula Vista	Zip:	91911
Square Ft:	1312	Prop. Type:	Manufactured/Mobile Home
School District:	-	Bedrooms:	2
Bathrooms:	4	Parking:	-
Year Built:	2005	Market Time:	-
Days on Market:	-	Community:	Chula Vista
Subdivision:	CHULA VISTA	Views:	-
Lot Size:	0	Pool:	Common/Community
Office:	Ready To Move	Stories:	1 Story
Construction Exterior:	Color Remodel	Tenant Pays:	-
Financing:	-	Age Restrictions:	55 and Up
H.O.A. Fees:	\$625 Month	H.O.A. Paid:	\$625 Month
CFD/Mello Roos:	60 -	Total H.O.A. Fees:	Common Area Maintenance Trash Pickup

Canada
MHP



Granada
MHP

Features:

Int. S.W.: 125025635
List Price: \$80,000
City: Chula Vista
Square Ft: 1400
School District: -
Bathrooms: 2
Zoning: R-1
Market Time: -
Community: Chula Vista
Views: -
Pool: Community/Shared
Stories: 1 Story
Tenant Pays: -
Age Restrictions: 55 and Up
H.O.A. Paid: \$0
Total H.O.A. Fees: -
Parking Garage Spaces: 0
Parking for RV: -

Address #: 501 Arda
Status: Active
Zip: 91911
Prop. Type: Manufactured/Mobile Home
Bedrooms: 3
Parking: -
Year Built: 2007
Days on Market: -
Subdivision: MOBILE HOME PARK
Lot Size: 0
Office: David Escal, South
Construction Exterior: Wood
Financing: -
H.O.A. Fees: \$0
C.D. Mello Roos: \$0
Other Fees: 750 - Month
Parking Garage Description: -
Complex Features: -

CLAY

2 Home Photos



Buy: \$79,900
 Clay Lakes Lodge
 4500 West 10th Ave. Commerce
 1100 Clay Lakes Rd. #101
 Denver, CO 80231
 Area = 5700 sq. ft.
 Master's Suite
 All people are holding this

- | | | | |
|---------------|--------------|-----------------|---------------|
| 1970 Dodge | 1000 sq. ft. | 2 Bedrooms | 2 Bathrooms |
| Red Oak Floor | Master Suite | Gas Heating | Carport |
| Storage Shed | Garage | Patio | Central Air |
| Laundry Room | Porch | Garage Door | Green |
| Refrigerator | Dishwasher | Washing Machine | Clothes Dryer |

Call Bert 800-722-1111

Call Bert the listing agent for this fabulous 1400 sq. ft. home with 2 bedrooms!

DL

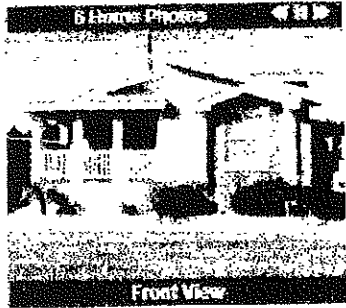
Basic Information			
Buy: \$49,900			
Don Luis Estates, LLC			
121 ORANGE ST #113			
Culver Vista, CA 90301			
Watch This Listing			
61 people are watching this.			
1974	35' X 42'	2 Bedrooms	2 Bathrooms
Lot Part 5055 Manti			
Detailed Information			

Str
(2)
2011
Log
101
101
5800
461
Ow
531
www
Est
Part
Hort
4018
010
VA
Str
(2)
2011

7

DL

Home & Garden



Buy: \$99,900

Don Luis Estates, LLC

101 Orange Ave

Orlando, FL 32801

Save \$267,101.36

Watch This Listing

32 people are watching this

CENTENNIAL HOMES Presents this
PRIDE OF OWNERSHIP HOME!!

2017 Skyline Development

27 X 57

2 Bedrooms

2 Bedrooms

Shingled Roof

Hardwood Siding

Formal Ceilings

Drywall Walls

Gas Heating

Patio

Fireplace

Walk-in Closet

Laundry Room

Garden Tour

Garage Attached

Northside

Over

Call Center

Low Rent \$818 Month

SP.V.

Home Information



Buy: \$27,900

Terrace Meade Home Estates
Two-Block Unit #14 - Community

1275 Bonaventure Road
Spring Valley, CA 94577

Serial 1610040 and 1610411

Active Tru-Living
141 people are watching this

55+ MHP HUGE PRICE
REDUCTION HUGE PRICE
REDUCTION HUGE PRICE
REDUCTION

1740 sq. ft.

24 x 24"

2 Bedrooms

2 Bathrooms

14 x 24" Sbs Bath Room

Master Room

Ving. Strong

Pool Panel Ceilings

Typical Villa

Gas Heating

Carpets

Storage Room

Patio

Thermopane Windows

California Ceiling

2 Carport Area

Has Skylight

Floors

Central Air

Water Closet

Laundry Room

Paint

Garage Ceiling

Refrigerator

Refrigerator

Garage Ceiling

Garage Door

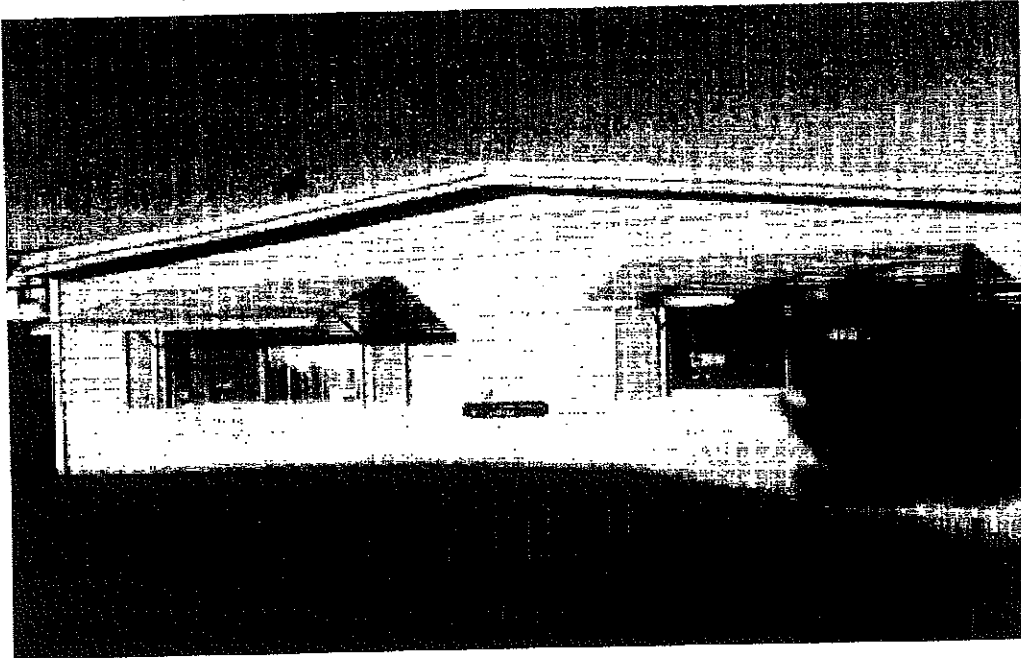
Lot Area: 3372 sq. ft.

Spring Valley

MOBILE HOME CONNECTION

~ PRESENTS ~

Terrace Estates #134



Offered @ \$25,500 (ABI6555)

Diamond in the rough! This opportune fixer has great bones! Features include newer vinyl skirting, capped roof & copper wiring. Needs carpet, paint and cosmetic touches to make her beautiful again. Wonderful community, great management and super low space rent of only \$602 monthly. For the young at heart at least 55/45 years of age. Vacant! Pet OK! For questions on this home please call

GLORIA 619-981-2821



www.mobilehomeconnection.com

Spring Valley



275 Worthington Ave. S. #116
Spring Valley, CA 91977

\$65,000

Bonita Hills Estates

Beautifully maintained 55+ park. If you are looking for peace and quiet look no further. Open, airy, and bright floor plan. The kitchen has been upgraded with new cabinets, granite counter tops, and laminate flooring. Lots of room for family gatherings with spacious dining area and breakfast bar. Built-in china cabinet. Bright open living room area. This is a must see!

MLS#: 130021279

Bedrooms: 2

Bathrooms: 2

Square Footage: 1,680

Year Built: 1978

Age Restrictions: 55+

HOA Fees: \$850.00/month

Stories: 1 Story

Parking: Carport

Cooling: Central Forced Air

Heating: Forced Air Unit

Ownership: Land Lease

Terms: Cash, Conventional



ROBIN SIMON

CELL: (619) 248-2197

FAX: (619) 660-5090

EMAIL: RSIMON22@COX.NET

CA BRE #00909683

SIMON PROPERTIES
REAL ESTATE

P.O. BOX 2975
SPRING VALLEY, CA 91979-2975

WWW.REALTYBYROBIN.COM

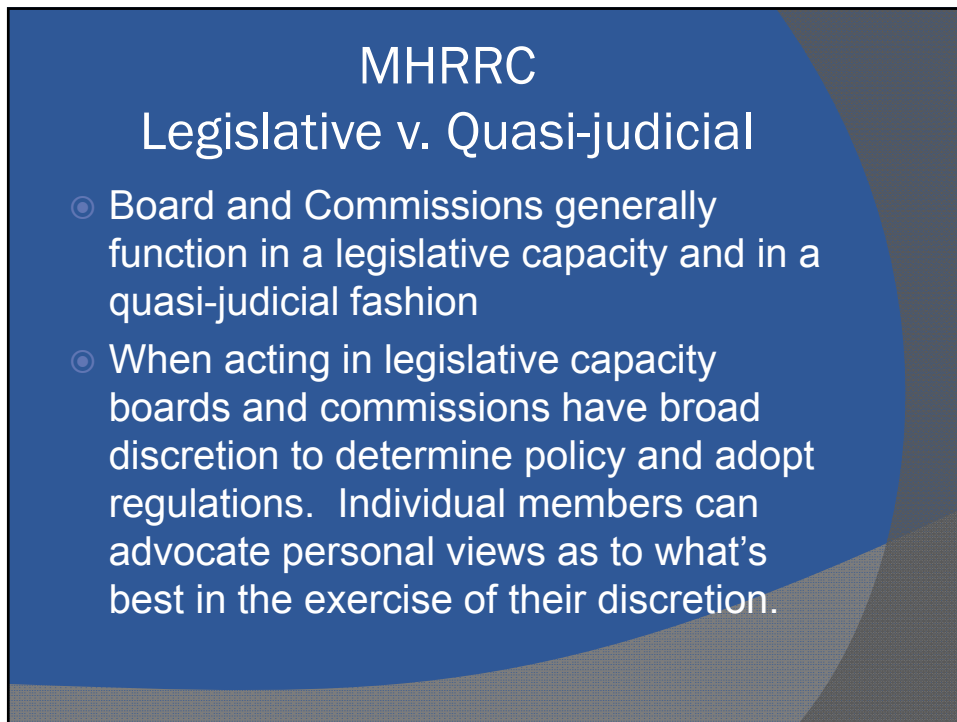
Mobile Home Rent Review Commission

HEARING PROCESS REVIEW

MHRRC

Will cover:

1. Guidance on being a decision maker
2. Law on rent control
3. General Process on Rent Increases
4. Above CPI rent increases-Factors
5. Final Questions-Comments

A presentation slide with a blue background and a dark grey curved shape on the right side. The title "MHRRC" is at the top, followed by "Legislative v. Quasi-judicial". Below is a bulleted list with two items.

MHRRC

Legislative v. Quasi-judicial

- ◉ Board and Commissions generally function in a legislative capacity and in a quasi-judicial fashion
- ◉ When acting in legislative capacity boards and commissions have broad discretion to determine policy and adopt regulations. Individual members can advocate personal views as to what's best in the exercise of their discretion.

A presentation slide with a blue background and a dark grey curved shape on the right side. The title "MHRRC" is at the top, followed by "Legislative v. Quasi-judicial". Below is a bulleted list with two items.

MHRRC

Legislative v. Quasi-judicial

- ◉ When acting in a quasi-legislative role, the board or commission member is acting as the judge and jury.
- ◉ Constitutional due process places limits on the members discretion in this role

MHRRC

Legislative v. Quasi-judicial

- In a quasi-judicial setting ensuring fairness, due process, and avoiding bias is critical
- To accomplish the above board and commission members are required to:
 - Listen objectively to both side of an issue
 - Evaluate the information submitted by both sides of the issue
 - Make decisions based on the evidence submitted, rather than personal priorities

MHRRC

Quasi-judicial

- Due Process
 - Notice
 - Opportunity to be heard

MHRRC Quasi-judicial

- ◉ Ex-Parte Contacts
- ◉ Contact with other party
- ◉ View or examine materials not privy to other party
- ◉ Should be avoided
- ◉ If done should be disclosed on the record

MHRRC Quasi-Judicial

- ◉ Avoid conflicts
- ◉ Avoid bias
 - No statements before a matter is heard
 - No personal interest in outcome of case

BOARD MEMBER SHOULD BE A FAIR AND
NUETRAL DECISION MAKER

MHRRC

- ◉ The City had rent control for mobile homes pursuant to CVMC 9.50
- ◉ The purpose of the CVMC is:

“The City Council intends by this chapter to create a process to protect both the mobile park owners and mobilehome park residents from unconscionable rent increases while simultaneously recognizing and providing for the need of mobilehome park owner to receive a just and reasonable rate of return on their property.”

MHRRC

Rent Control is Lawful

- ◉ Rent control is lawful.
- ◉ It has long been established that local rent control ordinances are constitutional “exercises of governmental authority” and “not per se takings.” [Citation.]” (*Santa Monica Beach, Ltd. v. Superior Court* (1999) 19 Cal.4th 952, 962, quoting *Pennell v. City of San Jose* (1988) 485 U.S. 1, 12, fn. 6; see *Birkenfeld v. City of Berkeley* (1976) 17 Cal.3d 129, 158-159.)
- ◉ Rent control regulations are permissible if they are “reasonably calculated to eliminate excessive rents and at the same time provide landlords with a just and reasonable return on their property.” (*Birkenfeld v. City of Berkeley* (1976) 17 Cal.3d 129.)
- ◉ In the context of price control, which includes rent control, a regulation that “deprive[s] investors of a ‘fair return’” becomes “confiscatory” and violates due process as well as the takings clauses of the state and federal Constitutions. (*Kavanau v. Santa Monica Rent Control Bd.* (1997) 16 Cal.4th 761, 771.)

MHRRC

What is a “fair return”

- ◉ “To avoid becoming unconstitutionally confiscatory, a rent control regulation system must be applied so as to provide investors a ‘fair return.’”
- ◉ “The term ‘fair return’ is incapable of precise definition”
- ◉ “It is said that it must be high enough ‘to encourage good management, reward efficiency, discourage the flight of capital, and enable operators to maintain their credit.’
- ◉ “It has also been said that a valid price control scheme must permit an efficiently run company to earn a return commensurate with returns on investments having corresponding risks. “

MHRRC

What is a “Fair Return”

- ◉ “On the other hand, a fair return must not be ‘so high as to defeat the purposes of rent control nor permit landlords to demand of tenants more than the fair value of the property and services which are provided.’”
- ◉ “Thus, ‘[the] rate of return permitted may not be as high as prevailed in the industry prior to regulation nor as much as the investor might obtain by placing his capital elsewhere.’”
- ◉ The Supreme Court explained “[C]omparison of the rate of return of rent-controlled mobilehome parks with those of non-rent-controlled parks . . . is of limited utility in establishing the constitutional minimum rate of return’ because ‘it is obviously not the case that a rent-controlled investment must earn the same as a non-rent-controlled one.’”
- ◉ “Moreover, ‘[s]ome lessening of appreciation is a necessary consequence of any rent control, since future appreciation is to a significant extent a function of increased rental income. It is one of the very sources of long-term appreciation -- inflated rents -- that rent control measures are intended to restrict.”

- MHRRC
Fair Rate of Return????
 - Balancing of interests
 - The park owner is entitled to make a return on their investment
 - The space tenant is entitled to make sure the rent amount is not excessive
 - Application of CVMC 9.50 ensures we have a lawful rent control ordinance
 - CVMC allows CPI increases and above CPI increases as permitted by agreement or hearing process

MHRRC CVMC 9.50

- Rent increases come in two manners
- CPI increases and Above CPI increases
 - CPI Increases (CVMC 9.50.050)
 - Called “Annual Permissive” rent increase
 - May be done only one time per calendar year
 - CPI amount comes from City and is mailed to park owner
 - Park owner must post City Notification re CPI
 - CPI is from Bureau of Labor Statistics

MHRRRC CVMC 9.50

- Above CPI rent Increase (CVMC section 9.50.063 through section 9.50.075)
 - Park owner must provide notice of proposed increase-consistent with the 90 day notice of rent increase found in CC 798.30
 - Within 10 days of service of increase notice, park owner must hold informal meeting with affected tenants to discuss increase. Purpose is to see if voluntary agreement may be reached

MHRRRC CVMC 9.50

- If 50 percent of affected residents agree to rent increase, then that is rent the increase for all affected residents
- If no agreement is reached, then resident may file a “request for hearing form.” It must be filed within the City within 30 days of notice of rent increase.
- It is important to note the time frames are concurrent, not consecutive

MHRRC CVMC 9.50

- Upon filing of request for hearing, City shall notify the chair and a hearing will be scheduled within 30 days or as soon as practical
- Notice of hearing will be provided to park owner and affected tenants
- If more than 50 percent of tenants affected, park owner shall also post notice of hearing

MHRRC

- For hearing, City staff will:
 - Ensure requirements are met for hearing
 - Gather information regarding proposed rent increase
 - Retain relevant expert to assist MHRRC (if necessary)
 - Present a staff recommendation on rent increase

MHRRC

● CONDUCT OF HEARING

- Presentation by Staff
- Park Owner may make presentation
 - Provide witnesses
 - Experts
 - Additional documents
- Tenants may make presentation
- Final Presentation by Park Owner
- Board will then deliberate on proposed rent increase. Preponderance of Evidence Standard used

MHRRC

● Summary of where we are at

- Must be a fair and neutral decision maker
- Decision must be made based on evidence heard or presented at hearing
- You know rent control lawful.
- You know park owner entitled to a fair rate of return
- You know tenant to be protected from excessive rent
- You know a process was followed to get to this stage
- You've heard and have received all the evidence

MHRRC Making the Decision

- CVMC 9.50.073:

“[P]ursuant to the provisions of this chapter, the Commission shall determine the rent that is fair, just, and reasonable.”

“The need for the proposed rental increase in order to permit the owner to secure a fair and reasonable return, when considering the existing rental scheme for all spaces in the park and all existing or expected expenses in owning and operating the park. A fair and reasonable return may be determined by the Commission by reference to industry standards, risk of investment, or other acceptable standards.”

MHRRC DECISION

- The Board will be required to balance various factors
- The Board will look at costs to operate park, investments made into park, a fair rate of return, comparables, factors impacting tenants, and exclude certain expenses/costs to determine the appropriate rent increase

MHRRRC

FACTORS SET FORTH IN 9.50.073

- ⦿ Actual financial investment in park improvements.
- ⦿ Property or other taxes.
- ⦿ Mortgage or ground rent payments.
- ⦿ Utility costs.
- ⦿ Capital improvements or rehabilitation work.
- ⦿ Repairs required.

MHRRRC

FACTORS SET FORTH IN 9.50.073

- ⦿ In considering the existing or expected income from owning and operating the park, the Commission should consider the rent schedule for all spaces in the park and any similar or related items to verifying income for the mobilehome park for the last three years, the reasonableness of such items, and changes to them.
- ⦿
- ⦿ Rate of return earned by the park owner in previous years as determined by a fair return analysis expert. All parties, including the City, shall have the right to hire their own expert.
- ⦿
- ⦿ The extent to which the proposed rental increase will cause a reduction in the resale value of the mobilehome.
- ⦿
- ⦿ Changes in the Consumer Price Index for all urban consumers in the San Diego Metropolitan Area published by the Bureau of Labor Statistics.
- ⦿
- ⦿ Fair market rental value as determined by "comparables" of similar and existing mobilehome spaces or mobilehomes in the South Bay area of San Diego County, including those in Chula Vista, as determined by an MAI appraiser. All parties, including the City, shall have the right to hire their own independent MAI appraiser.
- ⦿

MHRRRC

FACTORS SET FORTH IN 9.50.073

- ◉ The timing and amount of rents and increases for this and other spaces at the mobilehome park.
- ◉
- ◉ The quantity and quality of the improvements and features at the mobilehome park and any decrease or increase in such improvements and features.
- ◉
- ◉ The quantity and quality of services offered to park residents and any decrease or increase in such improvements and features.

MHRRRC

FACTORS SET FORTH IN 9.50.073

- ◉ The following would be excluded:
 - Avoidable and unnecessary expenses, including refinancing costs;
 - Any penalty, fees, or other interest assessed or awarded for violation of this or any other law;
 - Legal fees, except legal fees incurred in connection with successful good-faith attempts to recover rents owing, and successful good-faith unlawful detainer actions not in derogation of applicable laws, to the extent same are not recovered from residents;
 - Depreciation of the property;
 - Any expenses for which the park owner has been reimbursed by any security deposit, insurance settlement, judgment for damages, settlement or any other method. Cost of replacement or repair incurred or necessary as a result of the park owner's negligence or failure to maintain, including costs to correct serious code violations at the park.

MHRRC EXAMPLE

- Park owner presented evidence that:
 - They made improvements to park in amount of \$500,000
 - They made repairs to streets in amount of \$500,000
 - Taxes increased \$50,000
 - Park Expert testified fair rate of return was 8%

MHRRC Example

- Tenants provided evidence that repairs to road repairs were paid for by insurance, because roadway damaged by flood
- City provided expert who said fair rate of return was 6.5%
- City provided evidence as to comps.

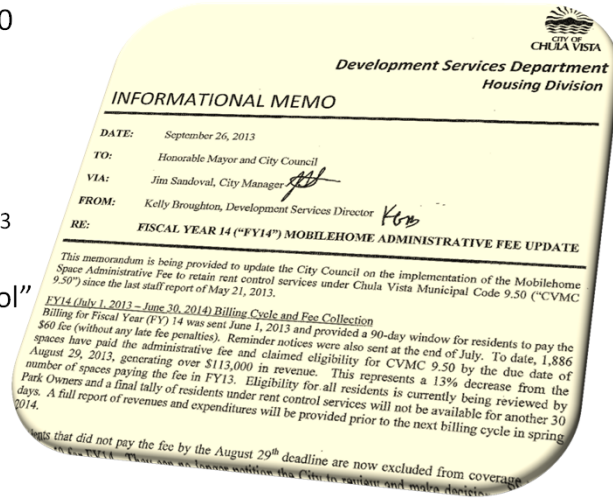
MHRRC Example

- Owner wants \$1,050,000 with a 8 percent rate of return amortized over 40 years
- Tenants say rent should be based on \$550,000 (minus road repair) and a 6.5 percent rate of return amortized over 40 years

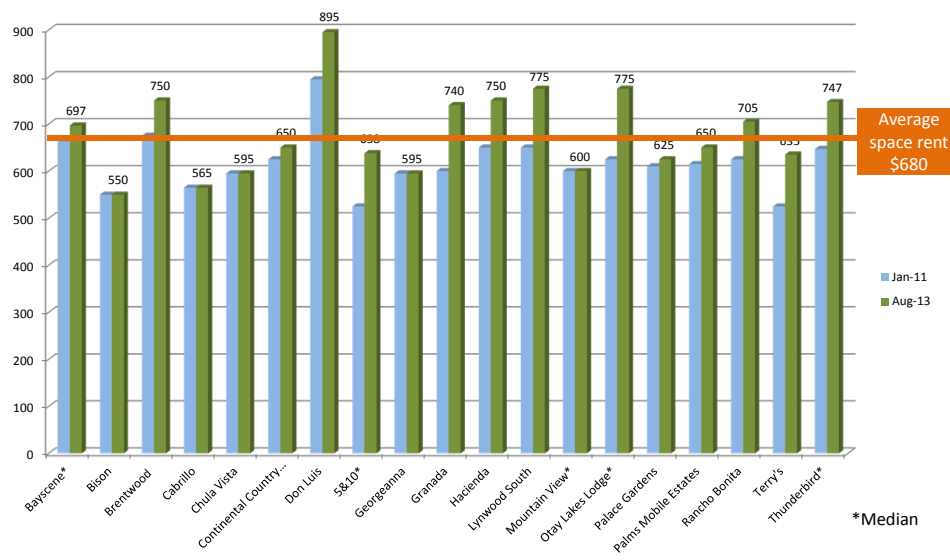
QUESTIONS COMMENTS

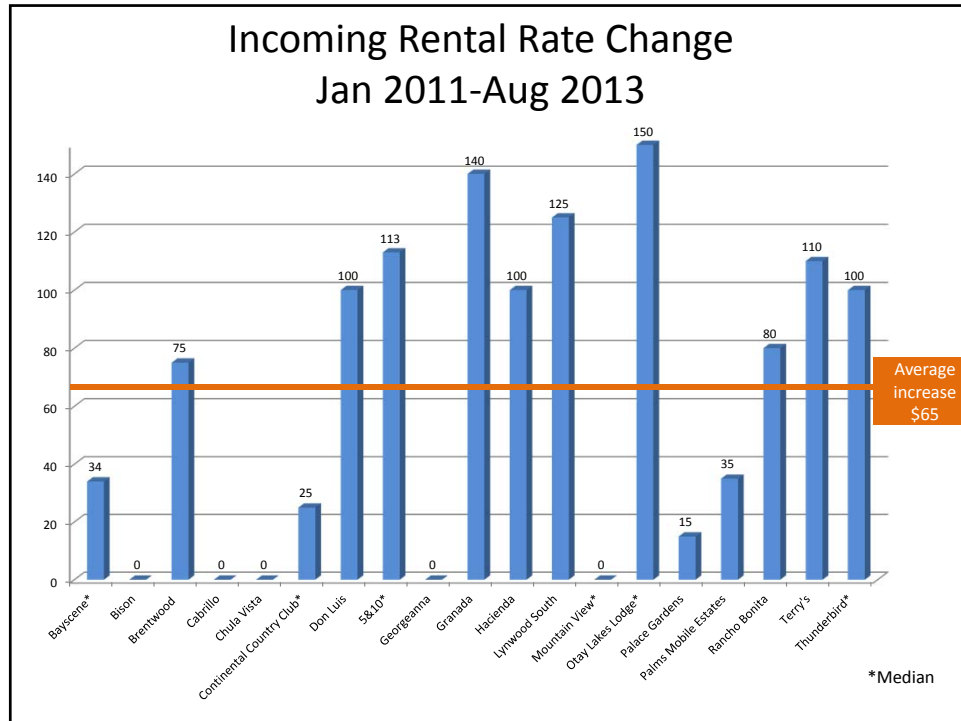
FY 14 Administrative Fee Update July 1, 2013 – June 30, 2014

- June 1st billing for \$60
- Due August 29th
- \$113,000 in revenue
(1,886 spaces)
 - 13% decrease from FY13
- “Temporary Decontrol”
Monitoring



Incoming Space Rent January 2011 & August 2013





Factors on MH Sale

- Rental Rates
 - Economy
 - Comparables in South Bay
- MH purchases
 - Unit Condition (maintenance & age)
 - Increased housing choices (condos under \$200k)